

State of Maine
Office of Securities
121 State House Station
Augusta, Maine, 04333-0121

In Re:

Douglas G. Bezio

Consent Order
10-062

This is an order of the Securities Administrator issued under 32 M.R.S. § 16412 with the consent of Douglas G. Bezio ("Bezio"). Bezio neither admits nor denies the findings of fact and conclusions of law set forth below, but agrees to the entry of this Consent Order, agrees that it shall have the same effect as an order issued after hearing, and waives his right to a hearing and to judicial review. Bezio further agrees that he shall be precluded from disputing the Findings of Fact and Conclusion of Law as set forth herein in any other licensing proceeding in the State of Maine.

FINDINGS OF FACT

1. Bezio (CRD #1935693), is a resident of Wellfleet, Massachusetts. Bezio is currently a licensed agent and investment adviser representative of Investors Capital Corporation. At the time of the conduct addressed in this Consent Order, Bezio was a licensed agent of LPL Financial Corporation ("LPL").
2. In 2002, James and Patricia Brown (the "Browns") of Old Orchard Beach, Maine, established with Bezio a joint brokerage account, which was sometimes referred to as the "Bond Account."
3. Despite the nomenclature, the investments made by Bezio for the Browns' Bond Account were not limited to bonds. Bezio also purchased real estate-related mutual funds in the account.
4. In 2007, the Browns transferred the Bond Account as part of their estate plan to a company they controlled called Mariners Bay, LLC. Bezio sent the Browns the forms necessary to establish the new account and requested that they sign the blank forms, return them to him and he would complete them. Unbeknownst to the Browns, when completing the signed forms Bezio changed the investment objective of the Bond Account from its original "Income with Moderate Growth" objective to "Growth."
5. Between April of 2004 and August of 2008, Bezio made 46 mutual fund purchases in the Bond Account. All of these purchases were made using class A shares. None of these funds was held any longer than four years and three months, and the majority were held less than 18 months. Bezio used several different fund families in making these purchases, and therefore did not take advantage of available breakpoint discounts.

6. In response to the value of their Bond Account steadily declining, in September 2008 and October 2008 the Browns instructed Bezio to stop making additional purchases. Despite this instruction, Bezio subsequently purchased class A shares in a mutual fund in the account.
7. As part of LPL's audits in 2005 and 2006, Bezio was required to answer questions pertaining to how he decides which share class is appropriate for a client. Bezio responded in writing that A shares are appropriate for longer term holds where the time frame is likely to be greater than five years. Bezio also responded "yes" to the question, "Do you use the breakpoint disclosure worksheet for all purchases of class A mutual fund shares not purchased at NAV?". These answers were inconsistent with the A share activity that was conducted by Bezio in the Brown's account.
8. In April of 2009, LPL questioned Bezio's use of A shares in the Browns' Bond Account. Bezio inaccurately responded that "Fees were discussed with the client and switch letters were obtained."
9. Bezio never discussed with the Browns the sales charges associated with purchasing A shares, the possible use of C shares, or that the Browns could receive reduced sales charges as a result of meeting certain breakpoints.
10. Bezio earned approximately \$117,000 dollars in commissions in purchasing the mutual funds. In response to a complaint by the Browns to LPL concerning the transactions in the Bond Account, LPL did an analysis showing that had the Browns been invested in C shares they would have saved approximately \$51,000 in fees.
11. The Browns have received restitution from LPL as part of an arbitration settlement.
12. All parties desire and agree that it is in the public interest to have an expeditious resolution of this matter without the need to conduct a lengthy hearing.

CONCLUSIONS OF LAW

1. Bezio violated NASD Rule 2310 and engaged in unlawful, dishonest, or unethical practices under Maine Office of Securities Rule Chapter 504 by:
 - a. Failing to disclose the sales charges and fees associated with purchasing Class A share mutual funds;
 - b. Recommending that the Browns purchase mutual funds using Class A shares without reasonable grounds to believe that the recommendations were suitable based on the information Bezio possessed;
 - c. Failing to disclose to the Browns that they could receive a sales charge discount on the purchase of shares if they met certain breakpoint requirements;
 - d. Having the Browns sign blank account forms and then stating an inaccurate and unauthorized investment objective on one of the forms; and
 - e. Effecting a transaction in the Browns' account without having authority to do so.

2. Because Bezio "engaged in unlawful, dishonest, or unethical practices in the securities, commodities, investment, franchise, banking, finance or insurance business," he is subject to this disciplinary action by the Securities Administrator. 32 M.R.S.A. §16412(2), (3), and (4)(M).
3. This Consent Order is in the public interest because it will tend to deter Bezio and others from engaging in similar conduct in the future.

ORDER

1. Bezio's agent and investment adviser representative licenses are suspended for a period of nine months from the date this Consent Order is signed by the Securities Administrator.
2. Bezio shall pay a Civil Fine of \$5,000.00 by check, payable to "Treasurer, State of Maine," submitted so that it is received by the Office of Securities ("the Office") within ten days from the date this Consent Order is signed by the Securities Administrator.
3. Upon expiration of his suspension, Bezio's agent and investment adviser representative licenses shall be subject to the following conditions and restrictions for an additional period of two years:
 - a. Bezio shall not act in any principal, supervisory, or managerial capacity for a broker-dealer or investment adviser.
 - b. Within 15 days after learning of any investigation, proceeding, or written or oral customer complaint against him arising out of activities in the securities, insurance, or finance industry, Bezio shall send written notification of the investigation, proceeding, or complaint to the Office.
 - c. Bezio shall not exercise discretionary authority in the account of any Maine customer without the prior written consent of the Office.
 - d. Bezio's broker-dealer and investment adviser shall assign as Bezio's supervisors appropriately Maine-licensed persons.
 - e. Bezio's supervisors shall conduct a documented weekly review of Bezio's accounts, transactions, and client activities to ensure that each transaction is suitable for the customer. The supervisors shall also conduct a documented pre-approval review of all new account opening documents and any documents relative to a change in client status.

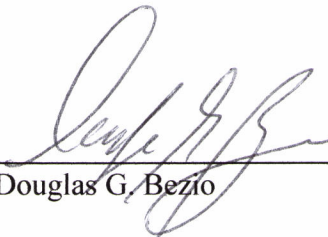
Except as set forth above, the Securities Administrator agrees to take no action adverse to Bezio based solely on the same conduct addressed in this Consent Order. However, nothing in this Consent Order shall preclude the Securities Administrator from: (a) taking adverse action based at least in part on other conduct; (b) taking this Consent Order and the conduct described above

into account in determining the proper resolution of action based on other conduct; or (c) taking any and all available steps to enforce this Consent Order.

This Consent Order does not constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct. For any person or entity not a party to this Consent Order, this Consent Order does not limit or create any private rights or remedies against Bezio, nor does it limit or create liability of Bezio, nor does it limit or create defenses of Bezio to any claims.

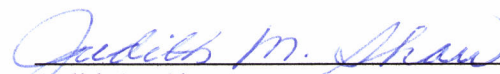
Bezio, by signing below, neither admits nor denies the findings of fact and conclusions of law set forth above, but agrees to the entry of this Consent Order, agrees that it shall have the same effect as an order issued after hearing, waives his right to a hearing and to judicial review, and agrees that he shall be precluded from disputing the Findings of Fact and Conclusion of Law as set forth herein in any other licensing proceeding in the State of Maine.

Date: September 26, 2011



Douglas G. Bezio

Date: September 30, 2011



Judith M. Shaw
Securities Administrator